



Municipal & Financial  
Services Group



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# City of Falls Church

## Sewer Rate Study Update

**March 19<sup>th</sup>, 2012**

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## Updates Since February 2011

- FY 11 Actuals and FY 12 Budgeted Operating Expenses
- Updated Capital Improvement Plan and additional existing debt payments for the planning period.
- Updated Miscellaneous Revenues
- FY 10 and FY 11 Actual Customer Usage Information
- Implementation of Recommended Rate Structure for FY 12

|  | FY 12  | FY13   | FY14   | FY15   |
|--|--------|--------|--------|--------|
| <b>Quarterly Service Charge per Bill</b> | \$5.00 | \$5.00 | \$5.00 | \$6.00 |
| <b>Unit Rate per 1,000 gallons</b>       | \$7.25 | \$7.91 | \$8.62 | \$9.40 |



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# Revenue Requirements

| (in millions)                      | FY 12           | FY13            | FY14            | FY15            |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b><u>Operating Costs</u></b>      |                 |                 |                 |                 |
| Total Operating Expenses           | \$1.85          | \$1.81          | \$1.83          | \$1.89          |
| Operating Reserve Contribution     | \$ -            | \$ -            | \$ -            | \$ -            |
| <i>Total Operating Expenses</i>    | <i>\$1.85</i>   | <i>\$1.81</i>   | <i>\$1.83</i>   | <i>\$1.89</i>   |
|                                    |                 |                 |                 |                 |
| <b><u>Capital Costs</u></b>        |                 |                 |                 |                 |
| Cash Funded Capital Projects       | \$0.40          | \$0.40          | \$0.45          | \$0.50          |
| Debt Service Expense               | \$0.97          | \$1.09          | \$1.13          | \$1.13          |
| 3R Reserve Contribution            | \$ -            | \$0.16          | \$0.33          | \$0.33          |
| <i>Total Capital Expenses</i>      | <i>\$1.37</i>   | <i>\$1.65</i>   | <i>\$1.91</i>   | <i>\$1.96</i>   |
|                                    |                 |                 |                 |                 |
| <b>Total Revenue Requirement</b>   | <b>\$3.22</b>   | <b>\$3.45</b>   | <b>\$3.74</b>   | <b>\$3.85</b>   |
|                                    |                 |                 |                 |                 |
| Miscellaneous Other Revenues       | \$0.11          | \$0.11          | \$0.11          | \$0.11          |
|                                    |                 |                 |                 |                 |
| <b>Net Revenue Requirement</b>     | <b>\$3.11</b>   | <b>\$3.34</b>   | <b>\$3.63</b>   | <b>\$3.74</b>   |
|                                    |                 |                 |                 |                 |
| Revenues Under Current Structure   | \$3.07          | \$3.07          | \$3.07          | \$3.07          |
| <i>Surplus/(Shortfall)</i>         | <i>(\$0.04)</i> | <i>(\$0.27)</i> | <i>(\$0.56)</i> | <i>(\$0.67)</i> |
|                                    |                 |                 |                 |                 |
| Revenues Continuing Financial Plan | \$3.07          | \$3.34          | \$3.63          | \$3.74          |
| <i>Surplus/(Shortfall)</i>         | <i>(\$0.04)</i> | <i>\$0.00</i>   | <i>\$0.00</i>   | <i>\$0.00</i>   |

## Recommended Sewer Rates – FY 13

|  | FY 13         |
|--|---------------|
| <b>Quarterly Fixed Charge per Bill</b>             | <b>\$5.00</b> |
|  |               |
| <b>Monthly Fixed Charge per Bill</b>               | <b>\$1.67</b> |
|  |               |
| <b>Unit Rate per 1,000 gallons (All Customers)</b> | <b>\$7.91</b> |

\*Single Family and Town House Residential Customers are billed based on winter quarter usage

| Quarterly Usage       | Current Bill FY 12 | Proposed Bill FY 13 | \$ Change per Quarter |
|-----------------------|--------------------|---------------------|-----------------------|
| 0 - 3,000             | \$26.75            | \$28.73             | \$1.98                |
| 3,001 - 6,000         | \$48.50            | \$52.46             | \$3.96                |
| 6,001 - 9,000         | \$70.25            | \$76.19             | \$5.94                |
| 9,001 - 12,000        | \$92.00            | \$99.92             | \$7.92                |
| 12,001 - 15,000*      | \$113.75           | \$123.65            | \$9.90                |
| 15,001 - 25,000       | \$186.25           | \$202.75            | \$16.50               |
| 25,001 - 50,000       | \$367.50           | \$400.50            | \$33.00               |
| (over 50,001) 100,000 | \$730.00           | \$796.00            | \$66.00               |



## Findings and Recommendations

- Annually Update Financial Model
- Monitor Customer Usage Annually
  - Majority of revenues collected from usage rates, major swings in water usage will impact sewer revenues.
- Continue to follow Financial Plan

|  | FY13   | FY14   | FY15   |
|--|--------|--------|--------|
| <b>Quarterly Service Charge per Bill</b> | \$5.00 | \$5.00 | \$6.00 |
| <b>Unit Rate per 1,000 gallons</b>       | \$7.91 | \$8.62 | \$9.40 |